

NEW YORK CITY TAXI AND LIMOUSINE COMMISSION

RESOLUTION APPROVING USED VEHICLES IN TAXICAB SERVICE

January 29, 2015

The New York City Taxi and Limousine Commission (“Commission” or “TLC”) hereby approves by resolution a pilot program (“Pilot Program”), pursuant to section 2303(b)(9) of the New York City Charter and section 52-27 of the Commission’s rules, permitting the use of used vehicles which are up to two years old and have 500 or more miles on the odometer (“Used Vehicles”) to enter taxi service. The pilot of Used Vehicles in Taxicab service will allow the Commission to determine whether such use will have a positive effect on Taxicab vehicle owner costs, if the use of Used Vehicles will provide flexibility to those for-hire vehicle owners (i.e., Livery, Black Car and Luxury Limousine owners) looking to transition between the for-hire and taxicab segments, as well as if the use of Used Vehicles will promote the use of the medallion-only lease under the Driver-Owned Vehicle (“DOV”) model without adversely affecting public safety. The Pilot Program will also allow the Commission to gather information about the durability of Used Vehicles, the costs associated with the purchase and maintenance of Used Vehicles, and passenger and driver satisfaction with Used Vehicles.

Since 1996, the Commission has only permitted new vehicles to be put into service as taxicabs. Previously, used vehicles were allowed to be Hacked-up as taxis, and it was common practice for owners to buy used taxis or used police vehicles at auction, enabling owners to significantly lower their vehicle expenses. Being able to afford the purchase price of used vehicles, many drivers leased only the medallion in a traditional DOV model. Today the medallion-only lease is often not feasible due to the high purchase price of new vehicles. As a result, the prevalent DOV model today is the “all-in lease” which includes the lease of the vehicle in addition to the medallion. By piloting the use of Used Vehicles, the Commission hopes to expand leasing options for drivers.

Vehicle owners participating in the Pilot Program (“Participants”) may only Hack-up a Used Vehicle no more than two years old that was previously licensed by the TLC as a Taxicab or For-Hire Vehicle. In addition, owners will be restricted to Hacking-up only those vehicle models approved by TLC for use as a Taxicab. Finally, owners will be restricted to Hacking-up only those Used Vehicles that pass all prior inspections required by the Commission.

Pursuant to Chapter 52, Subchapter C of the Commission's rules, this approval is subject to the following terms:

1. Duration

The Pilot Program will commence on the date on which the first Participant Used Vehicle is put into service and will continue for a maximum of 12 consecutive months.

2. Pre-Qualification Conditions

- a. Each Participant in the Pilot Program must enter into a binding Memorandum of Understanding (“MOU”) with the Chairperson on behalf of the Commission, which is approved as to form by the New York City Law Department, which obligates the Participant to adhere to all requirements of this Resolution and may set forth additional specifications for each requirement. This Resolution contains a summary of the major MOU terms but does not include each and every term.
- b. The MOU will be consistent with this resolution.
- c. The Chairperson may immediately terminate an MOU if, in his or her sole discretion, there is an imminent threat to the health or safety of members of the public, taxi drivers, or other individuals.

3. Means of Public Notice

Notice of opportunity to participate in the Pilot Program will be published in the City Record and on the Commission Web site.

4. Number of Participants

The minimum number of participants will be one; there will be no maximum number of participants.

5. MOU Submission

- a. The MOU template for the Pilot Program, setting forth the specific terms of participation and instructions for submitting the MOU, will be made available on the TLC website.
- b. The Commission will begin accepting MOUs for participation in the Pilot Program immediately after the MOU template is published on the TLC website.
- c. The Commission will accept MOUs throughout the duration of the Pilot Program.

6. Selection of Pilot Participants

- a. Selection of Participants will be made by the Chairperson.
- b. MOUs will be accepted from Medallion Owners, Agents, and Medallion Operators entering into medallion-only lease.
- c. Applicants must demonstrate the following:
 - i. The Used Vehicle is not more than two years old, measured as the years between the calendar year when the MOU is submitted and the model year designated by the vehicle manufacturer;
 - ii. The Used Vehicle was previously licensed by TLC as a Taxicab or For-Hire Vehicle;

- iii. The Used Vehicle passed all prior inspections required by TLC; and
- iv. The Used Vehicle is an approved Taxicab Model on the date the MOU is submitted to the Commission.
- c. Criteria for selection of applicants will include responsiveness to the public notice and the performance history of the applicant, including history of violations of Commission rules or other applicable laws and the applicant's record for safety.
- d. The Chairperson will sign and return the MOU to any applicant selected to participate in the Pilot Program.
- e. The Participant must take the signed MOU along with all other documentation required for vehicle certification to TLC Licensing, 32-02 Queens Blvd, 2nd Floor, LIC, NY 11101.
- f. The number of Participants in the Pilot Program is not limited. The Pilot Program will need at least one Participant in order to effectively test the use of Used Vehicles in Taxicab service.

7. Exemptions

Participants will be exempt from the following TLC rules:

- a. 67-06(b);
- b. 67-06(d), but only for the purpose of purchase and Hack-up of a Used Vehicle by a Participant;
- c. 67-08(b)(1); and
- d. 67-18 and 67-19, to the extent that the vehicle retirement dates will be reduced by the age of the Used Vehicle (see 8.a below).

8. Retirement and Termination

- a. Used Vehicles will be assigned a vehicle retirement date. The retirement date will be the date as set forth in TLC Rules 67-18 and 67-19, less the age of the Used Vehicle, measured as the years between the calendar year when the MOU is submitted and the model year designated by the vehicle manufacturer (for example, a Participant who owns a 2013 model year vehicle and submits an MOU in 2015 will have a vehicle retirement date that is shortened by 2 years).
- b. Participants may continue operating their Used Vehicles until the retirement date listed on the rate card unless:
 - i. The Chairperson terminates the MOU because, in his or her sole discretion, there is an imminent threat to the health or safety of members of the public, taxi drivers, or other individuals; or

- ii. The Used Vehicle cannot pass inspection and the Participant is notified by the Chairperson that the Used Vehicle must be removed from service.

9. Reporting and Evaluation

- a. During the Pilot Program, on a schedule to be determined by the Chairperson, the Participant will report to the Chairperson at least every four months the following information:
 - i. Observations with regard to passenger satisfaction;
 - ii. Satisfaction of the driver(s) of the Used Vehicle;
 - iii. Satisfaction of the Participant, including profitability;
 - iv. Maintenance costs of the Used Vehicle; and
 - v. Other evaluation criteria determined by the Commission.
- b. The TLC will also conduct agency-initiated evaluations of the following information:
 - i. Results of Safety and Emissions Inspections for Used Vehicles;
 - ii. Changes in the number of Taxicabs in service and the number of Used Vehicles in service;
 - iii. Changes in the number of applications for Medallion Operator licenses;
 - iv. Used Vehicle mileage at all required inspections;
 - v. Public feedback about the Pilot Program; and
 - vi. Other evaluation criteria determined by the Commission.
- c. The Chairperson will review the reports submitted by the Participants and the TLC and provide a summary of the findings to the Commission.
- d. In evaluating the Pilot Program, the Chairperson will analyze the factors required by subdivisions (a) and (b) of this section, together with all other materials submitted by Participants and the TLC, to determine whether proposing rules to permit the use of Used Vehicles in taxicab service should be considered.
- e. A final report, including a recommendation whether to commence rulemaking, will be issued to the Commission within six months of the conclusion of the Pilot Program. The Chairperson will commence rulemaking, if warranted, within six months of the issuance of the final report. The final report will include a safety evaluation by the Commission's Safety and Emissions Division based on the performance of the Used Vehicles throughout the duration of the Pilot Program.

10. Compliance

- a. Participants must comply with all applicable local, state and federal laws, including TLC rules.
- b. Participants must use only Used Vehicles previously licensed by TLC for participation in the Pilot Program.
- c. Participants must not file with the Commission any statements that they know or reasonably should know to be false, misleading, deceptive or materially incomplete.
- d. Participants must not commit fraud, misrepresentation and larceny, willful acts of omission and commission; and must not act against the best interests of the public, including but not limited to acts or threats of harassment, abuse, use or threat of physical force, or failure to cooperate with a law enforcement officer or the Commission.
- e. Participants must notify the TLC in writing of any suspension or revocation of any license granted to a Participant by any local, state or federal agency.